

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

NORTH WEST HENDRICKS SCHOOL CORPORATION

HENDRICKS COUNTY, INDIANA

July 1, 2007 to June 30, 2009



**FILED**

03/30/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Pat J. Willard Jean Blakely	07-01-07 to 06-30-08 07-01-08 to 06-30-10
Superintendent of Schools	Dr. Leo Philbin	07-01-07 to 06-30-10
President of the School Board	Lisa F. Tanselle Connie Bowman	07-01-07 to 06-30-08 07-01-08 to 06-30-10



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE NORTH WEST HENDRICKS  
SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North West Hendricks School Corporation, as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated January 25, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 25, 2010



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE NORTH WEST HENDRICKS  
SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the North West Hendricks School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in item 2009-01 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiency described above, we consider item 2009-01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item 2009-01.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 25, 2010

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,789,324	\$ -	\$ 72,611	\$ (6,716,713)
Support services	5,926,931	680,135	179,474	(5,067,322)
Noninstructional services	902,375	-	-	(902,375)
Facilities acquisition and construction	1,259,595	-	-	(1,259,595)
Debt service	3,167,437	-	-	(3,167,437)
Nonprogrammed charges	194,376	-	-	(194,376)
<b>Total governmental activities</b>	<b><u>\$ 18,240,038</u></b>	<b><u>\$ 680,135</u></b>	<b><u>\$ 252,085</u></b>	<b><u>(17,307,818)</u></b>
General receipts:				
Property taxes				5,620,940
Other local sources				1,892,018
State aid				5,466,341
Bonds and loans				1,435,800
Grants and contributions not restricted to specific programs				533,171
Sale of property				14,854
Investment earnings				54,387
Other				11,496
<b>Total general receipts</b>				<b><u>15,029,007</u></b>
Change in net assets				(2,278,811)
Net assets - beginning				<u>2,037,031</u>
Net assets - ending				<b><u>\$ (241,780)</u></b>
<u>Assets</u>				
Cash and investments				\$ (340,601)
Restricted assets:				
Cash and investments				<u>98,821</u>
<b>Total assets</b>				<b><u>\$ (241,780)</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (36,979)
Other purposes				135,800
Unrestricted				<u>(340,601)</u>
<b>Total net assets</b>				<b><u>\$ (241,780)</u></b>

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,368,109	\$ -	\$ 72,445	\$ (6,295,664)
Support services	6,277,074	762,923	190,339	(5,323,812)
Noninstructional services	952,338	-	-	(952,338)
Facilities acquisition and construction	3,430,640	-	-	(3,430,640)
Debt service	4,073,806	-	-	(4,073,806)
Nonprogrammed charges	249,633	-	-	(249,633)
	<u>\$ 21,351,600</u>	<u>\$ 762,923</u>	<u>\$ 262,784</u>	<u>(20,325,893)</u>
Total governmental activities				
General receipts:				
Property taxes				6,920,552
Other local sources				1,618,822
State aid				6,777,061
Bonds and loans				2,000,000
Grants and contributions not restricted to specific programs				1,378,129
Sale of property				9,873,403
Investment earnings				51,911
Other				12,511
				<u>28,632,389</u>
				Change in net assets
				8,306,496
				Net assets - beginning
				(241,780)
				Net assets - ending
				<u>\$ 8,064,716</u>
<u>Assets</u>				
Cash and investments				\$ 1,934,194
Restricted assets:				
Cash and investments				<u>6,130,522</u>
Total assets				<u>\$ 8,064,716</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (1,076,828)
Other purposes				7,207,350
Unrestricted				<u>1,934,194</u>
Total net assets				<u>\$ 8,064,716</u>

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day	School Lunch	Textbook Rental
<b>Receipts:</b>					
Local sources	\$ 3,208,033	\$ 613,567	\$ -	\$ 600,674	\$ 254,231
Intermediate sources	230	-	-	-	-
State sources	5,505,183	-	-	12,590	22,280
Federal sources	-	-	-	138,342	-
Temporary loans	800,000	-	-	-	-
Other	56	-	-	790	-
	<u>9,513,502</u>	<u>613,567</u>	<u>-</u>	<u>752,396</u>	<u>276,511</u>
<b>Total receipts</b>					
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	6,231,967	-	-	-	122
Support services	2,820,238	458,937	-	273	207,188
Noninstructional services	196,328	-	-	705,657	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	800,000	-	-	-	-
Nonprogrammed charges	140,156	-	-	-	-
	<u>10,188,689</u>	<u>458,937</u>	<u>-</u>	<u>705,930</u>	<u>207,310</u>
<b>Total disbursements</b>					
Excess (deficiency) of receipts over disbursements	<u>(675,187)</u>	<u>154,630</u>	<u>-</u>	<u>46,466</u>	<u>69,201</u>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	-	-	-
Sale of capital assets	6,564	-	-	-	2,812
Transfers in	208	18,892	200,000	-	-
Transfers out	(82)	-	-	-	-
	<u>6,690</u>	<u>18,892</u>	<u>200,000</u>	<u>-</u>	<u>2,812</u>
<b>Total other financing sources (uses)</b>					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(668,497)</u>	<u>173,522</u>	<u>200,000</u>	<u>46,466</u>	<u>72,013</u>
Cash and investments - beginning	<u>4,076</u>	<u>62,346</u>	<u>-</u>	<u>129,591</u>	<u>119,660</u>
Cash and investments - ending	<u>\$ (664,421)</u>	<u>\$ 235,868</u>	<u>\$ 200,000</u>	<u>\$ 176,057</u>	<u>\$ 191,673</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ (664,421)	\$ 235,868	\$ 200,000	\$ 176,057	\$ 191,673
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (664,421)</u>	<u>\$ 235,868</u>	<u>\$ 200,000</u>	<u>\$ 176,057</u>	<u>\$ 191,673</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-
Unrestricted	<u>(664,421)</u>	<u>235,868</u>	<u>200,000</u>	<u>176,057</u>	<u>191,673</u>
Total cash and investment fund balance - ending	<u>\$ (664,421)</u>	<u>\$ 235,868</u>	<u>\$ 200,000</u>	<u>\$ 176,057</u>	<u>\$ 191,673</u>

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008  
(Continued)

	Debt Service	Capital Projects	Construction Utilities	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 1,599,337	\$ 1,333,327	\$ -	\$ 637,553	\$ 8,246,722
Intermediate sources	-	-	-	525	755
State sources	-	-	-	109,003	5,649,056
Federal sources	-	-	-	464,200	602,542
Temporary loans	-	-	-	500,000	1,300,000
Other	-	2,639	-	8,013	11,498
	<u>1,599,337</u>	<u>1,335,966</u>	<u>-</u>	<u>1,719,294</u>	<u>15,810,573</u>
<b>Total receipts</b>					
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	557,235	6,789,324
Support services	8,545	1,315,208	-	1,116,542	5,926,931
Noninstructional services	-	-	-	390	902,375
Facilities acquisition and construction	-	771,279	-	488,316	1,259,595
Debt services	2,129,943	-	-	237,494	3,167,437
Nonprogrammed charges	-	-	-	54,220	194,376
	<u>2,138,488</u>	<u>2,086,487</u>	<u>-</u>	<u>2,454,197</u>	<u>18,240,038</u>
<b>Total disbursements</b>					
Excess (deficiency) of receipts over disbursements	<u>(539,151)</u>	<u>(750,521)</u>	<u>-</u>	<u>(734,903)</u>	<u>(2,429,465)</u>
<b>Other financing sources (uses):</b>					
Proceeds of long-term debt	-	-	135,800	-	135,800
Sale of capital assets	-	4,499	-	979	14,854
Transfers in	-	-	-	33,139	252,239
Transfers out	(18,892)	(200,000)	-	(33,265)	(252,239)
	<u>(18,892)</u>	<u>(195,501)</u>	<u>135,800</u>	<u>853</u>	<u>150,654</u>
<b>Total other financing sources (uses)</b>					
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(558,043)</u>	<u>(946,022)</u>	<u>135,800</u>	<u>(734,050)</u>	<u>(2,278,811)</u>
Cash and investments - beginning	<u>521,064</u>	<u>675,572</u>	<u>-</u>	<u>524,722</u>	<u>2,037,031</u>
Cash and investments - ending	<u>\$ (36,979)</u>	<u>\$ (270,450)</u>	<u>\$ 135,800</u>	<u>\$ (209,328)</u>	<u>\$ (241,780)</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ (270,450)	\$ -	\$ (209,328)	\$ (340,601)
Restricted assets:					
Cash and investments	<u>(36,979)</u>	<u>-</u>	<u>135,800</u>	<u>-</u>	<u>98,821</u>
Total cash and investment assets - ending	<u>\$ (36,979)</u>	<u>\$ (270,450)</u>	<u>\$ 135,800</u>	<u>\$ (209,328)</u>	<u>\$ (241,780)</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ (36,979)	\$ -	\$ -	\$ -	\$ (36,979)
Other purposes	-	-	135,800	-	135,800
Unrestricted	<u>-</u>	<u>(270,450)</u>	<u>-</u>	<u>(209,328)</u>	<u>(340,601)</u>
Total cash and investment fund balance - ending	<u>\$ (36,979)</u>	<u>\$ (270,450)</u>	<u>\$ 135,800</u>	<u>\$ (209,328)</u>	<u>\$ (241,780)</u>

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Transportation Operating	Rainy Day	School Lunch	Textbook Rental	Fiscal Stabilization
<b>Receipts:</b>						
Local sources	\$ 3,289,252	\$ 722,988	\$ -	\$ 630,911	\$ 271,069	\$ -
Intermediate sources	2,972	-	-	-	-	-
State sources	6,815,088	-	-	12,757	21,107	-
Federal sources	-	-	-	156,476	-	832,920
Temporary loans	2,000,000	-	-	-	-	-
Other	-	-	-	820	750	-
<b>Total receipts</b>	<b>12,107,312</b>	<b>722,988</b>	<b>-</b>	<b>800,964</b>	<b>292,926</b>	<b>832,920</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	5,900,728	3,605	-	-	-	-
Support services	3,909,582	660,406	-	2,334	327,056	-
Noninstructional services	205,737	-	-	746,493	-	-
Facilities acquisition and construction	-	-	-	51,726	-	-
Debt services	1,011,120	-	-	-	1	-
Nonprogrammed charges	161,318	-	-	-	-	-
<b>Total disbursements</b>	<b>11,188,485</b>	<b>664,011</b>	<b>-</b>	<b>800,553</b>	<b>327,057</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>918,827</b>	<b>58,977</b>	<b>-</b>	<b>411</b>	<b>(34,131)</b>	<b>832,920</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets	9,203	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>928,030</b>	<b>58,977</b>	<b>-</b>	<b>411</b>	<b>(34,131)</b>	<b>832,920</b>
<b>Cash and investments - beginning</b>	<b>(664,421)</b>	<b>235,868</b>	<b>200,000</b>	<b>176,057</b>	<b>191,673</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 263,609</b>	<b>\$ 294,845</b>	<b>\$ 200,000</b>	<b>\$ 176,468</b>	<b>\$ 157,542</b>	<b>\$ 832,920</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 263,609	\$ 294,845	\$ 200,000	\$ 176,468	\$ 157,542	\$ 832,920
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 263,609</b>	<b>\$ 294,845</b>	<b>\$ 200,000</b>	<b>\$ 176,468</b>	<b>\$ 157,542</b>	<b>\$ 832,920</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	263,609	294,845	200,000	176,468	157,542	832,920
<b>Total cash and investment fund balance - ending</b>	<b>\$ 263,609</b>	<b>\$ 294,845</b>	<b>\$ 200,000</b>	<b>\$ 176,468</b>	<b>\$ 157,542</b>	<b>\$ 832,920</b>

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009  
(Continued)

	Debt Service	Capital Projects	Construction Utilities	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 1,777,021	\$ 1,385,403	\$ 185	\$ 1,234,447	\$ 9,311,276
Intermediate sources	-	-	-	713	3,685
State sources	-	-	-	126,254	6,975,206
Federal sources	-	-	-	453,373	1,442,769
Temporary loans	-	-	-	-	2,000,000
Other	-	-	39,240	10,947	51,757
<b>Total receipts</b>	<u>1,777,021</u>	<u>1,385,403</u>	<u>39,425</u>	<u>1,825,734</u>	<u>19,784,693</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	463,776	6,368,109
Support services	(8,545)	441,456	-	944,785	6,277,074
Noninstructional services	-	-	-	108	952,338
Facilities acquisition and construction	-	546,725	2,832,075	114	3,430,640
Debt services	2,825,415	-	-	237,270	4,073,806
Nonprogrammed charges	-	-	-	88,315	249,633
<b>Total disbursements</b>	<u>2,816,870</u>	<u>988,181</u>	<u>2,832,075</u>	<u>1,734,368</u>	<u>21,351,600</u>
Excess (deficiency) of receipts over disbursements	<u>(1,039,849)</u>	<u>397,222</u>	<u>(2,792,650)</u>	<u>91,366</u>	<u>(1,566,907)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	9,864,200	-	9,873,403
Transfers in	-	-	-	18,100	18,100
Transfers out	-	-	-	(18,100)	(18,100)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>9,864,200</u>	<u>-</u>	<u>9,873,403</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,039,849)</u>	<u>397,222</u>	<u>7,071,550</u>	<u>91,366</u>	<u>8,306,496</u>
Cash and investments - beginning	<u>(36,979)</u>	<u>(270,450)</u>	<u>135,800</u>	<u>(209,328)</u>	<u>(241,780)</u>
Cash and investments - ending	<u>\$ (1,076,828)</u>	<u>\$ 126,772</u>	<u>\$ 7,207,350</u>	<u>\$ (117,962)</u>	<u>\$ 8,064,716</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 126,772	\$ -	\$ (117,962)	\$ 1,934,194
Restricted assets:					
Cash and investments	<u>(1,076,828)</u>	<u>-</u>	<u>7,207,350</u>	<u>-</u>	<u>6,130,522</u>
<b>Total cash and investment assets - ending</b>	<u>\$ (1,076,828)</u>	<u>\$ 126,772</u>	<u>\$ 7,207,350</u>	<u>\$ (117,962)</u>	<u>\$ 8,064,716</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ (1,076,828)	\$ -	\$ -	\$ -	\$ (1,076,828)
Other purposes	-	-	7,207,350	-	7,207,350
Unrestricted	<u>-</u>	<u>126,772</u>	<u>-</u>	<u>(117,962)</u>	<u>1,934,194</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ (1,076,828)</u>	<u>\$ 126,772</u>	<u>\$ 7,207,350</u>	<u>\$ (117,962)</u>	<u>\$ 8,064,716</u>

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Retirement Severance Pension Trust Fund	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 157,728	
Total contributions	<u>-</u>	<u>157,728</u>	
Total additions	<u>-</u>	<u>157,728</u>	
Deductions:			
Benefits	68,612	-	
Administrative and general	<u>-</u>	<u>35,388</u>	
Total deductions	<u>68,612</u>	<u>35,388</u>	
Excess (deficiency) of total additions over total deductions	(68,612)	122,340	
Cash and investment fund balance - beginning	<u>471,128</u>	<u>77,267</u>	
Cash and investment fund balance - ending	<u>\$ 402,516</u>	<u>\$ 199,607</u>	<u>\$ (2,397)</u>
Net assets:			
Cash and investments	<u>\$ 402,516</u>	<u>\$ 199,607</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 402,516</u>	<u>\$ 199,607</u>	

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	<u>Retirement Severance Pension Trust Fund</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 18,732	
Total contributions	<u>-</u>	<u>18,732</u>	
Total additions	<u>-</u>	<u>18,732</u>	
Deductions:			
Benefits	191,424	-	
Administrative and general	<u>-</u>	<u>32,148</u>	
Total deductions	<u>191,424</u>	<u>32,148</u>	
Excess (deficiency) of total additions over total deductions	(191,424)	(13,416)	
Cash and investment fund balance - beginning	<u>402,516</u>	<u>199,607</u>	
Cash and investment fund balance - ending	<u>\$ 211,092</u>	<u>\$ 186,191</u>	<u>\$ (668)</u>
Net assets:			
Cash and investments	<u>\$ 211,092</u>	<u>\$ 186,191</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 211,092</u>	<u>\$ 186,191</u>	

The notes to the financial statements are an integral part of this statement.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: North West Hendricks School Corporation

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Plainfield Community School Corporation, Mill Creek Community School Corporation, Speedway City Schools, Mooresville Consolidated School Corporation, Monrovia Consolidated School Corporation, Avon Community School Corporation, Brownsburg Community School Corporation, Danville Community School Corporation, MSD Decatur Township, and MSD Wayne Township in a joint venture to operate Area 31 Career Programs which was created to provide vocational education. The Area 31 Career Programs' continued existence depends on continued funding by the School Corporation. Complete financial statements for the Area 31 Career Programs can be obtained from Area 31 Career Programs, 1220 South High School Road, Indianapolis, IN 46241-3199.

The School Corporation is a participant with Clinton Central School Corporation, Clinton Prairie School Corporation, Community Schools of Frankfort, Lebanon Community School Corporation, Rossville Consolidated School District, and Western Boone County Community School Corporation in a joint venture to operate Boone-Clinton-Northwest Hendricks County Joint Service which was created to provide instruction for handicapped children. The Boone-Clinton-Northwest Hendricks County Joint Service's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Boone-Clinton-Northwest Hendricks County Joint Service can be obtained from Community School of Frankfort, Frankfort, IN 46041.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. (However, at this time, the School Corporation has not established any enterprise funds.)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The school lunch fund accounts for funds received and disbursed in order to provide meals for the students.

The textbook rental fund accounts for funds received and disbursed for the rental of textbooks to the students.

The fiscal stabilization-education (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

The debt service fund account is used to account for bonds and payments authorized by IC 20-48-1-2.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The construction utilities fund is used to account for funds used for the construction of various corporation construction projects.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for bonds and payments anticipated to be made to employees on or after termination of employment or to pay postretirement or severance benefits held by the school corporation in a trust capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individuals.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Agency funds account for assets held by the School Corporation as an agent for the employees.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2008	2009
General Fund	\$ (664,421)	\$ -
Debt Service	(36,979)	(1,076,828)
Capital Projects	(270,450)	-
Recreational Activities	(636)	-
Tech. Plan Buddy	(1)	(1)
IDEA P.L. 101-476	(5,267)	-
Project Lead The Way	(1,220)	-
Debt Service Retirement Severance Bonds	(63,089)	(116,764)
School Bus Replacement	(302,627)	(254,565)
SAFE School Haven	-	(269)
Tri-West Middle School Eli Lilly Grant	-	(11)
Title II, Part A	-	(5,261)
Lily Science Education Grant	-	(241)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the (underestimate of current requirements; these deficits are to be repaid from future receipts).

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$8,303,121. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Investments

As of June 30, 2009, the School Corporation had the following investments:

Investment Type	Primary Government Market Value
Stock (1)	\$ 35,806

(1) The School Corporation received 962 shares of Prudential Financial, Inc., stock when Prudential was converted to a publically traded company. The number of shares received was based on the life insurance policy the School Corporation was paying for its employees at the time. As of June 30, 2009, the market value was \$37.22 per share.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School Corporation does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2008</u>	<u>2009</u>
General Fund	Other governmental funds	\$ 82	\$ -
Debt Service	Transportation Operating	18,892	-
Capital Projects	Rainy Day	200,000	-
Other governmental funds	General Fund	208	-
Other governmental funds	Other governmental funds	33,057	18,100
Totals		<u>\$ 252,239</u>	<u>\$ 18,100</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

Effective January 1, 2008, the School Corporation joined with other governmental entities to form the Education Service Centers Risk Funding Trust (ESCRFT), a public entity risk pool currently operating as a common risk management and insurance program for 22 member governmental entities. This risk pool was formed in 2006. The purpose of the risk pool is to provide a medium for the funding and administration of property, casualty, errors and omissions and job related illnesses or injuries to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per member for their lifetime. The risk pool does not obtain independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporations

The School Corporation has entered into a capital lease with North West Hendricks Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation.

The facilities under the lease are included in the capital assets note of the School Corporation and the corresponding lease obligation has been included in the governmental activities column of the lease note. Lease payments during the years totaled \$2,937,500.

The School Corporation has entered into a capital lease with North West Hendricks Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation.

The facilities under the lease are included in the capital assets note of the School Corporation and the corresponding lease obligation has been included in the governmental activities column of the lease note. Lease payments during the years totaled \$637,500.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized the Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 10 years of service. Currently, 15 retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits for single coverage and 65% of the cost of family coverage. Disbursements for those postemployment benefits are recognized on a pay-as-you-go bases. During the two years ended June 30, 2009, disbursements of \$99,538 were recognized as post-employment benefits.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Effective July 1, 2004, the North West Hendricks School Corporation switched its postemployment benefits. Prior to July 1, 2004, when teachers retired they were entitled to health insurance from the date of retirement until their 65<sup>th</sup> birthday. In order to eliminate the health insurance benefit, the School Corporation entered into a buyout agreement. The buyout agreement calculated the value of the health insurance based upon age, years already completed at the School Corporation, years until retirement and other variables. The calculation created an amount due to each certified employee. These amounts were then transferred into a VEBA account in each of the certified employees' names. All teachers that were employed at the time of the buyout had a VEBA account created. If the teacher did not retire but left the employment of the School Corporation the funds allocated to their VEBA account was reallocated to the teachers remaining in the pool. When a teacher would retire, they would receive the balance in their account.

The calculation for the VEBA account assumed a retirement age of 59. However, teachers can retire at the age of 50 if eligible. In order to compensate for the difference in the cost for the teachers that retired at age 50, a supplemental benefit clause was added to the buyout agreement. The clause stated that an additional amount would be paid to a person's VEBA account to compensate for the additional years if they retired prior to age 59. The total of the supplemental payments could accumulate to a maximum of \$275,000. The supplemental amount also has to be claimed by July 31, 2013.

D. Pension Plans

1. Agent Multiple-Employer and Single Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 110,189
Interest on net pension obligation	(2,819)
Adjustment to annual required contribution	3,213
Annual pension cost	110,583
Contributions made	75,759
Increase in net pension obligation	34,824
Net pension obligation, beginning of year	(38,888)
Net pension obligation, end of year	\$ (4,064)

	PERF
Contribution rates:	
School Corporation	10.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 60,877	87%	\$ (71,176)
	06-30-07	96,954	67%	(38,888)
	06-30-08	110,583	69%	(4,064)

b. Tax Deferred Annuity Plan

Plan Description

The School Corporation has established a Tax Deferred Annuity plan for its noncertified employees. The terms of the plan are intended to comply with Section 403(b) of the internal Revenue Service Code of 1986 as amended, and Treasury Regulations thereunder. The effective date of the plan was October 1997. Some of the specifics of the plan include an employer matching contribution of up to 1.5% of participants' base compensation and a participant contribution limit of up to the IRS guidelines. Participants are 100% vested at all times for the value of their individual account attributable to salary reduction contributions. Employees become vested after three years for the value of employer contributions to that individual account. Employer contributions to the plan were \$152,589 for the two years ended June 30, 2009.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund  
 150 West Market Street  
 Indianapolis, IN 46204  
 Ph. (317) 232-3860

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$260,076, \$251,428, and \$226,414, respectively.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 373,614	\$ 880,504	\$ (506,890)	42%	\$ 863,176	(59%)
07-01-07	419,840	1,013,273	(593,433)	41%	921,338	(64%)
07-01-08	535,659	692,315	(156,656)	77%	833,511	(19%)

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	Levy Excess	Educational Plate Fees	SAFE School Haven	Instruction Support	Economic Education Mini Grant	Adult and Continuing Education
<b>Receipts:</b>							
Local sources	\$ 7,085	\$ -	\$ -	\$ -	\$ 69,546	\$ -	\$ -
Intermediate sources	-	-	525	-	-	-	-
State sources	46,845	-	-	4,834	-	2,000	32,958
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>53,930</b>	<b>-</b>	<b>525</b>	<b>4,834</b>	<b>69,546</b>	<b>2,000</b>	<b>32,958</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	28,466	-	-	1,788	77,344	2,200	151
Support services	-	-	-	2,974	-	-	21,292
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	50,840	-	1,575	-	-	-	1,400
<b>Total disbursements</b>	<b>79,306</b>	<b>-</b>	<b>1,575</b>	<b>4,762</b>	<b>77,344</b>	<b>2,200</b>	<b>22,843</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(25,376)</b>	<b>-</b>	<b>(1,050)</b>	<b>72</b>	<b>(7,798)</b>	<b>(200)</b>	<b>10,115</b>
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	10	-	-	250
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(14,957)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>	<b>(14,957)</b>	<b>-</b>	<b>250</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(25,376)</b>	<b>-</b>	<b>(1,050)</b>	<b>82</b>	<b>(22,755)</b>	<b>(200)</b>	<b>10,365</b>
Cash and investments - beginning	65,420	547	1,162	959	49,150	1,117	2,910
Cash and investments - ending	\$ 40,044	\$ 547	\$ 112	\$ 1,041	\$ 26,395	\$ 917	\$ 13,275
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 40,044	\$ 547	\$ 112	\$ 1,041	\$ 26,395	\$ 917	\$ 13,275
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 40,044</b>	<b>\$ 547</b>	<b>\$ 112</b>	<b>\$ 1,041</b>	<b>\$ 26,395</b>	<b>\$ 917</b>	<b>\$ 13,275</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	40,044	547	112	1,041	26,395	917	13,275
<b>Total cash and investment fund balance - ending</b>	<b>\$ 40,044</b>	<b>\$ 547</b>	<b>\$ 112</b>	<b>\$ 1,041</b>	<b>\$ 26,395</b>	<b>\$ 917</b>	<b>\$ 13,275</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Drug Free Communities	Medical Reimbursement	Recreational Activities	Extra-Curricular Summer Athletics	Non-English Speaking Programs	Tech. Plan Buddy	Wal-Mart Foundation Bonus Grant
<b>Receipts:</b>							
Local sources	\$ 7,200	\$ -	\$ 7,565	\$ 1,845	\$ -	\$ -	\$ 1,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	2,380	-	-	811	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>7,200</b>	<b>2,380</b>	<b>7,565</b>	<b>1,845</b>	<b>811</b>	<b>-</b>	<b>1,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	1,200	2,480	8,336	760	938	1,691	1,057
Support services	1,905	-	-	-	-	2,300	-
Noninstructional services	-	-	-	390	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,105</b>	<b>2,480</b>	<b>8,336</b>	<b>1,150</b>	<b>938</b>	<b>3,991</b>	<b>1,057</b>
Excess (deficiency) of receipts over disbursements	4,095	(100)	(771)	695	(127)	(3,991)	(57)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,095	(100)	(771)	695	(127)	(3,991)	(57)
Cash and investments - beginning	802	100	135	-	144	3,990	1,304
Cash and investments - ending	\$ 4,897	\$ -	\$ (636)	\$ 695	\$ 17	\$ (1)	\$ 1,247
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 4,897	\$ -	\$ (636)	\$ 695	\$ 17	\$ (1)	\$ 1,247
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 4,897</b>	<b>\$ -</b>	<b>\$ (636)</b>	<b>\$ 695</b>	<b>\$ 17</b>	<b>\$ (1)</b>	<b>\$ 1,247</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	4,897	-	(636)	695	17	(1)	1,247
<b>Total cash and investment fund balance - ending</b>	<b>\$ 4,897</b>	<b>\$ -</b>	<b>\$ (636)</b>	<b>\$ 695</b>	<b>\$ 17</b>	<b>\$ (1)</b>	<b>\$ 1,247</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Youth As Resource Bird Watching	North Salem Elementary Garden Club	Connect 2000 Grant	UW Youth As Resource Tri-West Middle	Insurance Claims/(Losses)	HPS	Tri-West Middle School Eli Lilly Grant - Huss
<b>Receipts:</b>							
Local sources	\$ 535	\$ 985	\$ -	\$ 632	\$ -	\$ 4,320	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	19,175	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	8,013	-	-
<b>Total receipts</b>	<b>535</b>	<b>985</b>	<b>19,175</b>	<b>632</b>	<b>8,013</b>	<b>4,320</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	535	178	-	611	-	-	-
Support services	-	-	18,704	-	8,944	4,320	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	680	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>535</b>	<b>178</b>	<b>18,704</b>	<b>611</b>	<b>8,944</b>	<b>5,000</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	807	471	21	(931)	(680)	-
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	82	-	-	14,957	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>14,957</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	807	553	21	(931)	14,277	-
Cash and investments - beginning	-	-	9,849	-	931	-	1
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 807</b>	<b>\$ 10,402</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>\$ 14,277</b>	<b>\$ 1</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 807	\$ 10,402	\$ 21	\$ -	\$ 14,277	\$ 1
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 807</b>	<b>\$ 10,402</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>\$ 14,277</b>	<b>\$ 1</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	807	10,402	21	-	14,277	1
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 807</b>	<b>\$ 10,402</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>\$ 14,277</b>	<b>\$ 1</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Title 1	Title V, Part A	Lear and Serve America	IDEA P.L. 101-476	Title IV	Project Lead The Way	Medical Reimbursement Federal
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	159,575	2,207	-	239,361	3,814	17,797	3,883
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>159,575</b>	<b>2,207</b>	<b>-</b>	<b>239,361</b>	<b>3,814</b>	<b>17,797</b>	<b>3,883</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	145,538	-	-	244,629	300	19,017	3,641
Support services	562	-	-	-	1,615	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	405
<b>Total disbursements</b>	<b>146,100</b>	<b>-</b>	<b>-</b>	<b>244,629</b>	<b>1,915</b>	<b>19,017</b>	<b>4,046</b>
Excess (deficiency) of receipts over disbursements	13,475	2,207	-	(5,268)	1,899	(1,220)	(163)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(208)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(208)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,475	2,207	(208)	(5,268)	1,899	(1,220)	(163)
Cash and investments - beginning	3,157	(57)	208	1	-	-	164
Cash and investments - ending	<u>\$ 16,632</u>	<u>\$ 2,150</u>	<u>\$ -</u>	<u>\$ (5,267)</u>	<u>\$ 1,899</u>	<u>\$ (1,220)</u>	<u>\$ 1</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 16,632	\$ 2,150	\$ -	\$ (5,267)	\$ 1,899	\$ (1,220)	\$ 1
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 16,632</u>	<u>\$ 2,150</u>	<u>\$ -</u>	<u>\$ (5,267)</u>	<u>\$ 1,899</u>	<u>\$ (1,220)</u>	<u>\$ 1</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	16,632	2,150	-	(5,267)	1,899	(1,220)	1
Total cash and investment fund balance - ending	<u>\$ 16,632</u>	<u>\$ 2,150</u>	<u>\$ -</u>	<u>\$ (5,267)</u>	<u>\$ 1,899</u>	<u>\$ (1,220)</u>	<u>\$ 1</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	National Science Foundation	Class Size Reduction	Title II Part A	Debt Service Retirement Severance Bond	School Bus Replacement	Construction	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 1,500	\$ 174,473	\$ 360,867	\$ -	\$ 637,553
Intermediate sources	-	-	-	-	-	-	525
State sources	-	-	-	-	-	-	109,003
Federal sources	-	-	37,563	-	-	-	464,200
Temporary loans	-	-	-	-	-	500,000	500,000
Other	-	-	-	-	-	-	8,013
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>39,063</b>	<b>174,473</b>	<b>360,867</b>	<b>500,000</b>	<b>1,719,294</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	16,233	142	-	-	-	557,235
Support services	-	-	23,381	-	1,030,545	-	1,116,542
Noninstructional services	-	-	-	-	-	-	390
Facilities acquisition and construction	-	-	-	-	-	487,636	488,316
Debt services	-	-	-	237,494	-	-	237,494
Nonprogrammed charges	-	-	-	-	-	-	54,220
<b>Total disbursements</b>	<b>-</b>	<b>16,233</b>	<b>23,523</b>	<b>237,494</b>	<b>1,030,545</b>	<b>487,636</b>	<b>2,454,197</b>
Excess (deficiency) of receipts over disbursements	-	(16,233)	15,540	(63,021)	(669,678)	12,364	(734,903)
<b>Other financing sources (uses):</b>							
Sale of capital assets	-	-	719	-	-	-	979
Transfers in	-	18,100	-	-	-	-	33,139
Transfers out	-	-	(18,100)	-	-	-	(33,265)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>18,100</b>	<b>(17,381)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>853</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,867	(1,841)	(63,021)	(669,678)	12,364	(734,050)
Cash and investments - beginning	130	13,427	2,188	(68)	367,051	-	524,722
Cash and investments - ending	<u>\$ 130</u>	<u>\$ 15,294</u>	<u>\$ 347</u>	<u>\$ (63,089)</u>	<u>\$ (302,627)</u>	<u>\$ 12,364</u>	<u>\$ (209,328)</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 130	\$ 15,294	\$ 347	\$ (63,089)	\$ (302,627)	\$ 12,364	\$ (209,328)
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ 130</u></b>	<b><u>\$ 15,294</u></b>	<b><u>\$ 347</u></b>	<b><u>\$ (63,089)</u></b>	<b><u>\$ (302,627)</u></b>	<b><u>\$ 12,364</u></b>	<b><u>\$ (209,328)</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	130	15,294	347	(63,089)	(302,627)	12,364	(209,328)
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 130</u></b>	<b><u>\$ 15,294</u></b>	<b><u>\$ 347</u></b>	<b><u>\$ (63,089)</u></b>	<b><u>\$ (302,627)</u></b>	<b><u>\$ 12,364</u></b>	<b><u>\$ (209,328)</u></b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Special Education Preschool	Levy Excess	Educational License Plates	SAFE School Haven	Instructional Support	Economic Education Mini Grant
<b>Receipts:</b>						
Local sources	\$ 21,615	\$ -	\$ -	\$ -	\$ 91,923	\$ -
Intermediate sources	-	-	713	-	-	-
State sources	67,962	-	-	1,000	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>89,577</b>	<b>-</b>	<b>713</b>	<b>1,000</b>	<b>91,923</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	(11,702)	-	-	-	73,827	-
Support services	-	-	-	2,310	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	85,235	-	-	-	-	-
<b>Total disbursements</b>	<b>73,533</b>	<b>-</b>	<b>-</b>	<b>2,310</b>	<b>73,827</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>16,044</b>	<b>-</b>	<b>713</b>	<b>(1,310)</b>	<b>18,096</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>16,044</b>	<b>-</b>	<b>713</b>	<b>(1,310)</b>	<b>18,096</b>	<b>-</b>
Cash and investments - beginning	40,044	547	112	1,041	26,395	917
Cash and investments - ending	\$ 56,088	\$ 547	\$ 825	\$ (269)	\$ 44,491	\$ 917
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 56,088	\$ 547	\$ 825	\$ (269)	\$ 44,491	\$ 917
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 56,088</b>	<b>\$ 547</b>	<b>\$ 825</b>	<b>\$ (269)</b>	<b>\$ 44,491</b>	<b>\$ 917</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	56,088	547	825	(269)	44,491	917
<b>Total cash and investment fund balance - ending</b>	<b>\$ 56,088</b>	<b>\$ 547</b>	<b>\$ 825</b>	<b>\$ (269)</b>	<b>\$ 44,491</b>	<b>\$ 917</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Adult And Continuing Education	Drug Free Communities	Recreational Activities	Extra-Curricular Summer Activities	Music Recreational Activities	Non-English Speaking Programs
<b>Receipts:</b>						
Local sources	\$ -	\$ 1,000	\$ 9,070	\$ 500	\$ 500	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	32,958	-	-	-	-	1,460
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>32,958</b>	<b>1,000</b>	<b>9,070</b>	<b>500</b>	<b>500</b>	<b>1,460</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	7,233	587	-	749
Support services	23,528	1,710	-	-	-	-
Noninstructional services	-	-	-	108	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	3,080	-	-	-	-	-
<b>Total disbursements</b>	<b>26,608</b>	<b>1,710</b>	<b>7,233</b>	<b>695</b>	<b>-</b>	<b>749</b>
Excess (deficiency) of receipts over disbursements	6,350	(710)	1,837	(195)	500	711
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,350	(710)	1,837	(195)	500	711
Cash and investments - beginning	13,275	4,897	(636)	695	-	17
<b>Cash and investments - ending</b>	<b>\$ 19,625</b>	<b>\$ 4,187</b>	<b>\$ 1,201</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 728</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 19,625	\$ 4,187	\$ 1,201	\$ 500	\$ 500	\$ 728
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 19,625</b>	<b>\$ 4,187</b>	<b>\$ 1,201</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 728</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	19,625	4,187	1,201	500	500	728
<b>Total cash and investment fund balance - ending</b>	<b>\$ 19,625</b>	<b>\$ 4,187</b>	<b>\$ 1,201</b>	<b>\$ 500</b>	<b>\$ 500</b>	<b>\$ 728</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Tech. Plan Buddy	Wal-Mart Foundation Bonus Grant	Youth As Resource Bird Watching	Student Academic Account	North Salem Elementary Garden Club	Connect 2000 Grant
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 1,955	\$ 2,733	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	22,874
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>1,955</b>	<b>2,733</b>	<b>-</b>	<b>22,874</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	1,086	1,955	2,390	-	-
Support services	-	-	-	-	-	3,501
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>1,086</b>	<b>1,955</b>	<b>2,390</b>	<b>-</b>	<b>3,501</b>
Excess (deficiency) of receipts over disbursements	-	(1,086)	-	343	-	19,373
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,086)	-	343	-	19,373
Cash and investments - beginning	(1)	1,247	-	-	807	10,402
Cash and investments - ending	<u>\$ (1)</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 807</u>	<u>\$ 29,775</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ (1)	\$ 161	\$ -	\$ 343	\$ 807	\$ 29,775
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (1)</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 807</u>	<u>\$ 29,775</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	(1)	161	-	343	807	29,775
<b>Total cash and investment fund balance - ending</b>	<u>\$ (1)</u>	<u>\$ 161</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 807</u>	<u>\$ 29,775</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Eli Lilly Science Grant	UW Youth As Resource Tri-West Middle	Insurance Claims/Losses	HPS	Tri-West Middle School Eli Lilly Grant - Huss.	Title 1
<b>Receipts:</b>						
Local sources	\$ 250	\$ -	\$ -	\$ -	\$ 198	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	144,126
Other	-	-	10,947	-	-	-
<b>Total receipts</b>	<b>250</b>	<b>-</b>	<b>10,947</b>	<b>-</b>	<b>198</b>	<b>144,126</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	124,959
Support services	-	-	10,947	-	210	1,129
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>10,947</b>	<b>-</b>	<b>210</b>	<b>126,088</b>
Excess (deficiency) of receipts over disbursements	250	-	-	-	(12)	18,038
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	250	-	-	-	(12)	18,038
Cash and investments - beginning	-	21	-	14,277	1	16,632
<b>Cash and investments - ending</b>	<b>\$ 250</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>\$ 14,277</b>	<b>\$ (11)</b>	<b>\$ 34,670</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 250	\$ 21	\$ -	\$ 14,277	\$ (11)	\$ 34,670
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 250</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>\$ 14,277</b>	<b>\$ (11)</b>	<b>\$ 34,670</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	250	21	-	14,277	(11)	34,670
<b>Total cash and investment fund balance - ending</b>	<b>\$ 250</b>	<b>\$ 21</b>	<b>\$ -</b>	<b>\$ 14,277</b>	<b>\$ (11)</b>	<b>\$ 34,670</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Title V, Part A	IDEA P.L. 101-476	Title IV	Project Lead The Way	Medicaid Reimbursement Federal	National Science Foundation
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 169	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	861	267,335	3,972	1,082	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>861</b>	<b>267,335</b>	<b>4,141</b>	<b>1,082</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	229,267	169	(138)	-	-
Support services	2,109	-	2,959	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,109</b>	<b>229,267</b>	<b>3,128</b>	<b>(138)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(1,248)	38,068	1,013	1,220	-	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,248)	38,068	1,013	1,220	-	-
Cash and investments - beginning	2,150	(5,267)	1,899	(1,220)	1	130
Cash and investments - ending	<u>\$ 902</u>	<u>\$ 32,801</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 130</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 902	\$ 32,801	\$ 2,912	\$ -	\$ 1	\$ 130
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 902</u>	<u>\$ 32,801</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 130</u>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	902	32,801	2,912	-	1	130
<b>Total cash and investment fund balance - ending</b>	<u>\$ 902</u>	<u>\$ 32,801</u>	<u>\$ 2,912</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 130</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Class Size Reduction	Title II, Part A	Debt Service Retirement Severance Bond	School Bus Replacement	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ 800	\$ 183,595	\$ 920,139	\$ -	\$ 1,234,447
Intermediate sources	-	-	-	-	-	713
State sources	-	-	-	-	-	126,254
Federal sources	-	35,997	-	-	-	453,373
Other	-	-	-	-	-	10,947
<b>Total receipts</b>	<b>-</b>	<b>36,797</b>	<b>183,595</b>	<b>920,139</b>	<b>-</b>	<b>1,825,734</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	33,394	-	-	-	-	463,776
Support services	-	24,305	-	872,077	-	944,785
Noninstructional services	-	-	-	-	-	108
Facilities acquisition and construction	-	-	-	-	114	114
Debt services	-	-	237,270	-	-	237,270
Nonprogrammed charges	-	-	-	-	-	88,315
<b>Total disbursements</b>	<b>33,394</b>	<b>24,305</b>	<b>237,270</b>	<b>872,077</b>	<b>114</b>	<b>1,734,368</b>
Excess (deficiency) of receipts over disbursements	(33,394)	12,492	(53,675)	48,062	(114)	91,366
<b>Other financing sources (uses):</b>						
Transfers in	18,100	-	-	-	-	18,100
Transfers out	-	(18,100)	-	-	-	(18,100)
<b>Total other financing sources (uses)</b>	<b>18,100</b>	<b>(18,100)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,294)	(5,608)	(53,675)	48,062	(114)	91,366
Cash and investments - beginning	15,294	347	(63,089)	(302,627)	12,364	(209,328)
Cash and investments - ending	\$ -	\$ (5,261)	\$ (116,764)	\$ (254,565)	\$ 12,250	\$ (117,962)
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ (5,261)	\$ (116,764)	\$ (254,565)	\$ 12,250	\$ (117,962)
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ (5,261)</b>	<b>\$ (116,764)</b>	<b>\$ (254,565)</b>	<b>\$ 12,250</b>	<b>\$ (117,962)</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	-	(5,261)	(116,764)	(254,565)	12,250	(117,962)
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ (5,261)</b>	<b>\$ (116,764)</b>	<b>\$ (254,565)</b>	<b>\$ 12,250</b>	<b>\$ (117,962)</b>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008

	<u>Donations</u>	<u>Gift of Property</u>	<u>Extra-Curricular Workers TWMS</u>	<u>Extra-Curricular Workers TWHS</u>	<u>Scholarships And Awards</u>
Additions:					
Contributions:					
Other	\$ 350	\$ 62,237	\$ 2,600	\$ 5,620	\$ 2,000
Total additions	<u>350</u>	<u>62,237</u>	<u>2,600</u>	<u>5,620</u>	<u>2,000</u>
Deductions:					
Administrative and general	<u>215</u>	<u>-</u>	<u>2,598</u>	<u>5,610</u>	<u>2,000</u>
Excess (deficiency) of total additions over total deductions	135	62,237	2	10	-
Cash and investment fund balance - beginning	<u>451</u>	<u>29,420</u>	<u>-</u>	<u>35</u>	<u>7,989</u>
Cash and investments - June 30	<u>\$ 586</u>	<u>\$ 91,657</u>	<u>\$ 2</u>	<u>\$ 45</u>	<u>\$ 7,989</u>
Net assets:					
Cash and investments	<u>\$ 586</u>	<u>\$ 91,657</u>	<u>\$ 2</u>	<u>\$ 45</u>	<u>\$ 7,989</u>
Total net assets - cash and investment basis held in trust	<u>\$ 586</u>	<u>\$ 91,657</u>	<u>\$ 2</u>	<u>\$ 45</u>	<u>\$ 7,989</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Dynamic Steel Donations	Target Field Trip Grant	Donations PES	One Room Schoolhouse	Academic Decathlon
Additions:					
Contributions:					
Other	\$ 71,050	\$ 1,000	\$ 250	\$ 4,799	\$ 7,200
Total additions	<u>71,050</u>	<u>1,000</u>	<u>250</u>	<u>4,799</u>	<u>7,200</u>
Deductions:					
Administrative and general	<u>10,433</u>	<u>904</u>	<u>895</u>	<u>6,457</u>	<u>5,675</u>
Excess (deficiency) of total additions over total deductions	60,617	96	(645)	(1,658)	1,525
Cash and investment fund balance - beginning	<u>23,821</u>	<u>-</u>	<u>909</u>	<u>13,617</u>	<u>804</u>
Cash and investments - June 30	<u>\$ 84,438</u>	<u>\$ 96</u>	<u>\$ 264</u>	<u>\$ 11,959</u>	<u>\$ 2,329</u>
Net assets:					
Cash and investments	<u>\$ 84,438</u>	<u>\$ 96</u>	<u>\$ 264</u>	<u>\$ 11,959</u>	<u>\$ 2,329</u>
Total net assets - cash and investment basis held in trust	<u>\$ 84,438</u>	<u>\$ 96</u>	<u>\$ 264</u>	<u>\$ 11,959</u>	<u>\$ 2,329</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Lily Science Outreach	Lily Science Outreach LSE	Lily Science Education Grant	CAPCO Science	Totals
Additions:					
Contributions:					
Other	\$ 233	\$ 39	\$ 350	\$ -	\$ 157,728
Total additions	<u>233</u>	<u>39</u>	<u>350</u>	<u>-</u>	<u>157,728</u>
Deductions:					
Administrative and general	-	-	351	250	35,388
Excess (deficiency) of total additions over total deductions	233	39	(1)	(250)	122,340
Cash and investment fund balance - beginning	-	(39)	10	250	77,267
Cash and investments - June 30	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 199,607</u>
Net assets:					
Cash and investments	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 199,607</u>
Total net assets - cash and investment basis held in trust	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 199,607</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009

	<u>Donations</u>	<u>Donations Gifts And Trusts</u>	<u>Gift of Property</u>	<u>Tri-West DJ</u>	<u>Extra-Curricular Workers TWMS</u>
Additions:					
Contributions:					
Other	\$ 850	\$ 445	\$ -	\$ 550	\$ 2,450
Total additions	<u>850</u>	<u>445</u>	<u>-</u>	<u>550</u>	<u>2,450</u>
Deductions:					
Administrative and general	<u>217</u>	<u>318</u>	<u>-</u>	<u>550</u>	<u>2,450</u>
Excess (deficiency) of total additions over total deductions	633	127	-	-	-
Cash and investment fund balance - beginning	<u>586</u>	<u>-</u>	<u>91,657</u>	<u>-</u>	<u>2</u>
Cash and investments - June 30	<u>\$ 1,219</u>	<u>\$ 127</u>	<u>\$ 91,657</u>	<u>\$ -</u>	<u>\$ 2</u>
Net assets:					
Cash and investments	<u>\$ 1,219</u>	<u>\$ 127</u>	<u>\$ 91,657</u>	<u>\$ -</u>	<u>\$ 2</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,219</u>	<u>\$ 127</u>	<u>\$ 91,657</u>	<u>\$ -</u>	<u>\$ 2</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	Extra-Curricular Workers TWHS	Scholarships And Awards	Dynamic Steel Donations	Target Field Trip Grant	Donations PES
Additions:					
Contributions:					
Other	\$ 4,565	\$ 2,000	\$ 600	\$ -	\$ -
Total additions	4,565	2,000	600	-	-
Deductions:					
Administrative and general	4,410	2,000	14,988	-	-
Excess (deficiency) of total additions over total deductions	155	-	(14,388)	-	-
Cash and investment fund balance - beginning	45	7,989	84,438	96	264
Cash and investments - June 30	\$ 200	\$ 7,989	\$ 70,050	\$ 96	\$ 264
Net assets:					
Cash and investments	\$ 200	\$ 7,989	\$ 70,050	\$ 96	\$ 264
Total net assets - cash and investment basis held in trust	\$ 200	\$ 7,989	\$ 70,050	\$ 96	\$ 264

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For the Year Ended June 30, 2009  
 (Continued)

	One Room Schoolhouse	Academic Decathlon	Lily Science Outreach	Lily Science Education Grant	Totals
Additions:					
Contributions:					
Other	\$ 7,272	\$ -	\$ -	\$ -	\$ 18,732
Total additions	<u>7,272</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,732</u>
Deductions:					
Administrative and general	<u>6,965</u>	<u>-</u>	<u>-</u>	<u>250</u>	<u>32,148</u>
Excess (deficiency) of total additions over total deductions	307	-	-	(250)	(13,416)
Cash and investment fund balance - beginning	<u>11,959</u>	<u>2,329</u>	<u>233</u>	<u>9</u>	<u>199,607</u>
Cash and investments - June 30	<u>\$ 12,266</u>	<u>\$ 2,329</u>	<u>\$ 233</u>	<u>\$ (241)</u>	<u>\$ 186,191</u>
Net assets:					
Cash and investments	<u>\$ 12,266</u>	<u>\$ 2,329</u>	<u>\$ 233</u>	<u>\$ (241)</u>	<u>\$ 186,191</u>
Total net assets - cash and investment basis held in trust	<u>\$ 12,266</u>	<u>\$ 2,329</u>	<u>\$ 233</u>	<u>\$ (241)</u>	<u>\$ 186,191</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 850,602
Buildings	25,128,703
Improvements other than buildings	907,635
Machinery and equipment	4,104,070
Construction in progress	<u>19,797,093</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 50,788,103</u></u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

The North West Hendricks School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Middle School	\$ 16,266,790	\$ 1,690,000
High School and Pittsboro Elementary expansions	47,000,000	2,115,500
Pittsboro Elementary School	2,672,334	408,000
Computers	42,889	45,242
Computers	41,074	43,485
2008 radios	56,411	21,069
2008 equipment	57,609	57,609
Computers equipment	-	24,753
Notes and loans payable	913,968	96,645
Revenue bonds:		
Buyout of postemployment benefits	1,910,000	236,700
 Total governmental activities debt	 <u>\$ 68,961,075</u>	 <u>\$ 4,739,003</u>

NORTH WEST HENDRICKS SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2009.

The enrollment count date for 2008-2009 was September 12, 2008. The actual enrollment figures were retrieved from the School's Harmony Student Information System (SIS). The difference between the count reported on the ADM and the verified figures is shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2009	Kindergarten	64.5	65	0.5

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN FUND BALANCES

The following funds were overdrawn as of June 30:

<u>Fund</u>	<u>2008</u>	<u>2009</u>
General	\$ 664,421	\$ -
Debt Service	36,979	1,706,828
Capital Projects	270,450	-
Recreational Activities	636	-
Tech. Plan Buddy	1	1
IDEA P.L. 101-476	5,267	-
Project Lead the Way	1,220	-
Debt Service Fund – Retirement Severance Bonds	63,089	116,764
School Bus Replacement	302,627	254,565
SAFE School Haven	-	269
Tri-West Middle School Eli Lilly Grant	-	11
Title II, Part A	-	5,261
Lilly Science Outreach LSE	39	39
Lilly Science Education Grant	-	241

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

NORTH WEST HENDRICKS SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

TRANSACTIONS NOT REPORTED

The receipt of ten million dollars in 2008 from the North West Hendricks Multi-School Building Corporation for the purchase of the High School building was not recorded in the School Corporation's financial records. Subsequent investment transactions, earnings, and construction expenditures from these funds were also not recorded.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for School Corporations, Chapter 9)

RETIREMENT/SEVERANCE BUYOUT

The School Corporation eliminated the retirement/severance plan and postemployment benefit plan on June 30, 2004. All teachers employed by the School Corporation as of June 30, 2004, received a buyout contribution to either their 401(a) account or their VEBA account or both. The buyout was funded by the issuance of Taxable General Obligation Pension Bonds of 2004.

A similar comment appeared in the prior Report B31774.

IC 20-48-1-2(c) states in part:

". . . A school corporation . . . may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions:

- (1) The school corporation may issue bonds under this section only one (1) time . . .
- (3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001."

INVESTMENTS NOT AUTHORIZED BY STATUTE

The School Corporation invested in funds with a portfolio of high quality short-term debt obligations not necessarily backed by the U.S. Government in 2009.

IC 5-13-9-2 states:

"(a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following:

- (1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:
  - (A) The United States Treasury.
  - (B) A federal agency.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (C) A federal instrumentality.
- (D) A federal government sponsored enterprise.
- (2) Securities fully guaranteed and issued by any of the following:
  - (A) A federal agency.
  - (B) A federal instrumentality.
  - (C) A federal government sponsored enterprise."

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE NORTH WEST HENDRICKS  
SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

Compliance

We have audited the compliance of the North West Hendricks School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board of Trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 25, 2010

NORTH WEST HENDRICKS SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 33,234	\$ -
SY07-08			-	22,202
SY08-09			-	-
Total for program			<u>33,234</u>	<u>22,202</u>
National School Lunch Program	10.555		195,153	-
SY07-08			-	169,804
SY08-09			-	-
Total for program			<u>195,153</u>	<u>169,804</u>
Total for cluster			<u>228,387</u>	<u>192,006</u>
Total for federal grantor agency			<u>228,387</u>	<u>192,006</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agency				
07-3295	84.010		14,383	-
08-3295			131,717	27,148
09-3295			-	98,940
Total for program			<u>146,100</u>	<u>126,088</u>
Pass-Through Community Schools of Frankfort				
Special Education Cluster				
Special Education - Grants to States	84.027		229,267	-
2008			-	244,629
2009			-	-
Total for program			<u>229,267</u>	<u>244,629</u>
Pass-Through Indiana Department of Education				
Safe and Drug Free Schools and Communities - State Grants				
3295-06	84.186		1,252	-
3295-07			663	3,127
Total for program			<u>1,915</u>	<u>3,127</u>
Pass-Through Indiana Department of Workforce Development				
Tech-Prep Education				
PLTW7-529	84.243		19,017	-
Total for program			<u>19,017</u>	<u>-</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs				
06-3295	84.298		-	243
07-3295			-	1,866
Total for program			<u>-</u>	<u>2,109</u>
Pass-Through Indiana Department of Education				
Improving Teacher Quality State Grants				
06-3295	84.367		8,350	-
07-3295			31,406	6,157
08-3295			-	35,997
Total for program			<u>39,756</u>	<u>42,154</u>
Total for federal grantor agency			<u>436,055</u>	<u>418,107</u>
Total federal awards expended			<u>\$ 664,442</u>	<u>\$ 610,113</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the North West Hendricks School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
National School Lunch Program	10.555	\$ 77,523	\$ 33,531
School Breakfast Program	10.553	12,523	0

NORTH WEST HENDRICKS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Material weaknesses identified? yes  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Noncompliance material to financial statements noted? yes

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I – Grants to Local Educational Agency Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

NORTH WEST HENDRICKS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2009-01, INTERNAL CONTROLS OVER FINANCIAL REPORTING

We noted a deficiency in the internal control system of the North West Hendricks School Corporation related to reporting. We believe the following deficiency constituted a material weakness:

1. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the North West Hendricks School Corporation's audited financial statements and then determining how those identified risks should be managed. The North West Hendricks School Corporation did not report one receipt of \$10,000,000 for the sale of the High School Building to a Holding Corporation.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

NORTH WEST HENDRICKS SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on March 1, 2010, with, Dr. Leo Philbin, Superintendent of Schools; Jean Blakely, Treasurer; and Connie Bowman, President of the School Board. The official response has been made a part of this report and may be found on page 60.

**NORTH WEST HENDRICKS  
SCHOOL CORPORATION**

104 North Church Street • P.O. Box 70 • Lizton, IN 46149-0070

(317) 994-4100 • Fax (317) 994-5963

Dr. Leo P. Philbin  
*Superintendent of Schools*

Richard G. King  
*Assistant Superintendent*

March 11, 2010

Official Response  
State Board of Accounts  
302 West Washington St.  
Rm E 418  
INDPLS, IN  
46204-2765

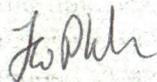
Dear Sir/Madam,

This response is directed to the audit exception for the Retirement/Severance Buyout execution. The State Board of Accounts correctly cites I.C. 20-48-1-2 when it says that the buyout is expected to reasonably reduce the retirement or severance liability as it existed on June 30, 2001.

North West Hendricks School Corporation demonstrated to the SBOA that the actuarial study was indeed based on the existing liability as of June 30, 2001. However, after the results of the study were made known, a length of time existed until the bonds could be sold and the proceeds received. During this time negotiations were held to determine how to best use the bond proceeds to reduce the liability as of June 30, 2001. During this time some existing staff left the School Corporation and new staff were added. Due to this attrition and the path of negotiations, a surplus of funds was realized.

Under I.C. 5-1-13-2-c surplus bond proceeds or investment earnings may be used by a political subdivision for the same purpose or type of project for which the bonds were originally sold if the board or legislative body responsible for issuing the bonds takes action approving the use of the surplus bond proceeds or investment earnings for the same purpose or type of project for which the bonds were originally issued. Since the negotiated settlement to approve the buyout was voted on by the North West Hendricks School Corporation, the payment of surplus bond proceeds to new hires after the actuarial study in the same manner as those in the study should be construed as a legal use of the bond proceeds.

Sincerely,



Leo Philbin  
Superintendent

• Board of School Trustees •

Connie L. Bowman  
*President*

Judith Pingel  
*Vice President*

Kathy Waite  
*Secretary*

Brad Williams  
*Member*

Steven Sprecher  
*Member*